

## **Options for changing the Medicare benefit package**

**ISSUE:** This chapter examines several alternatives for addressing the limitations in Medicare's benefit package. Each proposal involves tradeoffs among various goals, such as financial protection and access to care for beneficiaries, efficient use of services, political and operational feasibility, and affordability. We consider some options – such as changes to the cost-sharing structure – that could be implemented without significantly increasing current Medicare spending. Other proposals – such as expanding Medicare to cover prescription drugs – would increase spending by Medicare but reduce spending by other payers. Depending on various factors, it may be possible to expand the benefit package while holding constant total system spending on beneficiaries' health care.

**KEY POINTS:** This chapter examines three categories of policy options:

### Cost-sharing changes:

- changing deductibles
- modifying coinsurance on various services, such as inpatient hospital, outpatient hospital, home health, and skilled nursing facility services
- adding a cap on out-of-pocket spending on covered services
- addressing the role of supplemental insurance in covering deductibles and coinsurance

### Expanding Medicare benefits in following areas:

- prescription drugs
- case management
- preventive services
- mental health care
- vision and hearing

### Creating a comprehensive benefit package by reallocating existing resources

- single comprehensive package that would include reduced cost-sharing and additional benefits, such as prescription drug coverage, could improve access to care and efficiency of current system

Staff will discuss tradeoffs, design issues, and cost implications of these approaches, including new estimates of the costs of a comprehensive benefit package. Staff will not present recommendations.

**ACTION:** Staff are seeking Commissioner feedback on how we have organized the options for consideration and whether we have identified the appropriate range of options, the criteria used to evaluate them, and their tradeoffs.

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